IN ACCORDANCE WITH THE MANITOBA ENVIRONMENT ACT (C.C.S.M. c. E125)
THIS LICENCE IS ISSUED TO:

TEMBEC INDUSTRIES INC.; "the Licencee"

for the Development which is the carrying out of forest management activities within the geographical boundaries of Forest Management Licence #01 as detailed in its Forest Resource Management Plan 1991-1998, and subject to the specifications, limits, terms and conditions of this Licence:

DEFINITIONS

In this Licence:

"all-weather road" means a graded and/or graveled road that may be passable by vehicles under both wet and dry weather conditions;

"buffer" means vegetation of sufficient height and density to act as a visual barrier between a cutover and a road, or a band or area left around sensitive sites such as water bodies, wildlife habitat, etc.;

"chance road" means a temporary ungraveled road with minimal grade development, that may be passable by vehicles only when dry or frozen;

"cutover" means an area from which timber has been harvested;

"cutting block" means a forested area with defined boundaries in which specific forest stands or parts thereof are approved for harvest;

"Director" means an employee designated pursuant to The Act;

"F.M.L. #01" means the Forest Management Licence #01 established in an agreement between the Province of Manitoba and the Licencee in 1979 pursuant to The Forest Act. The agreement defines the area in which the Licencee is authorized to undertake cutting, removal, renewal and management of crown timber, and management of crown lands;

"habitat" means the place where an organism lives and/or the conditions thereof, including soil, vegetation, water and food;

"harvesting" means the cutting and removal of trees from a forested area;

"ice bridge" means a temporary crossing constructed from ice, snow, and/or log material that may be passable by vehicles under frozen conditions;

"I.R.M.T." means the regional Integrated Resource Management Team of Manitoba Conservation located in Beausejour and composed of members of the following branches of the Department: Forestry, Wildlife, Regional Operations, Lands, Fisheries, Water Resources, and Parks and Natural Areas, and which is organized to review regional natural resources issues;

"Licencee" means Tembec Industries Inc.;

"patch scarification" means a site preparation technique whereby a machine creates intermittent patches of planting spots;

"reforestation" means the establishment of trees on previously forested lands by natural seed germination or artificial restocking (i.e. planting and/or seeding), also referred to as forest regeneration;

"rehabilitate" means physical treatment of a disturbed site to reclaim its productive potential. This may include, but is not limited to: leveling the surface, establishing appropriate slopes to prevent erosion, loosening compacted surface soils to enable vegetation to root successfully, and revegetation to promote the development of the former species composition;

"regeneration survey" means a survey carried out to determine the number of trees that are successfully established on a site;

"scarification" means a method of seed bed preparation which consists of exposing patches of mineral soil through mechanical action;

"silviculture" means the science and methods used to tend, harvest and replace forests;
"site preparation" means the physical or chemical methods used to prepare a site for planting or to promote natural reforestation;

"slash" means the residue left on the ground after harvesting, including unused logs, uprooted stumps, branches, tops, etc.;

"stand" means a community of trees sufficiently uniform in species, age, arrangement or condition to be distinguishable as a group from the forest or other growth on the area;

"succession" means the replacement of one plant community by another in progressive development toward climax vegetation;

"temperature inversion" means a stable atmospheric condition in which cooler air at the earth's surface is prevented from rising by a layer of warmer air above;

"The Act" means The Environment Act and Regulations thereunder, as amended from time to time; and

"winter road" means a road which is capable of being used only in winter.

SPECIFICATIONS, LIMITS, TERMS AND CONDITIONS

1. The Licencee shall harvest only in accordance with practices set out in "Forest Management Guidelines for Wildlife in Manitoba" and any other provincial guidelines which may be adopted for forest management activities.

2. The Licencee shall, as directed by the I.R.M.T., design and/or modify cutting block layouts and road plans in order to mitigate land use and access impacts, including but not limited to concerns with:

   (i) wildlife and fish resources;
   (ii) sensitive, threatened or unique wildlife habitat;
   (iii) rare, threatened or endangered flora and fauna;
   (iv) provincial parks and ecological reserves;
   (v) heritage resources;
   (vi) traplines;
   (vii) local communities;
   (viii) remote lodge and outfitter operations;
   (ix) recreation; and
   (x) First Nations treaty lands.
3. The Licencee shall, as directed by the I.R.M.T., minimize soil disturbance to sensitive areas such as dry upland ridges and wet soils, by scheduling harvesting to avoid times when the sites are sensitive to surface disturbance, and by using harvest methods which will reduce surface disturbance impacts.

4. The Licencee shall:

(i) comply with the minimum buffer widths as set out in "Recommended Buffer Zones for Protecting Fish Resources in Lakes and Streams in Forest Cutting Areas", "Forest Management Guidelines for Wildlife in Manitoba" and any other buffer requirements specified by the I.R.M.T.; and

(ii) design and/or modify buffers to ensure post-harvest runoff does not negatively affect sediment loads in local waterbodies, as directed by the I.R.M.T.

5. The Licencee shall not conduct forest management activities in any established buffer, except where the I.R.M.T. conducts site specific inspections and grants approval subject to conditions which will protect environmental and aesthetic qualities.

6. The Licencee shall:

(i) design and/or modify cutting block layouts for areas within 250 meters of the high water mark of the Manigotagan River to prevent impacts to the environment and/or to the aesthetic qualities of the forested banks as viewed from the river and/or from any camping site or portage identified by the I.R.M.T.; and

(ii) prior to December 31, 1993, close existing roads which the Licencee may have constructed closer than 250 meters to the high water mark of the Manigotagan River, providing they are not required to access temporary bridges. The portion of a road constructed to access a temporary bridge that is within 250 meters of the high-water mark of the Manigotagan River, shall be closed immediately upon removal of the temporary bridge, and retired within the time frame of the annual plan. Winter roads (to access ice bridges), closer than 250 meters of the high water mark, must be closed prior to spring break-up.

7. The Licencee shall:

(i) not construct permanent bridges over the Manigotagan River;

(ii) ensure that ice bridges are used as the primary means for temporary crossing of the Manigotagan River wherever possible;
(iii) ensure any temporary bridges or ice bridges that may be constructed over the Manigotagan River, are sited, designed, constructed and removed, and any impacted areas effectively rehabilitated, as directed by the I.R.M.T., in consultation with Manitoba Conservation; and
(iv) ensure, as directed by the I.R.M.T. in consultation with Manitoba Conservation, that the siting, construction and removal of any temporary bridges is done in a manner which will:
(a) minimize the loss of vegetation on the river bank and in the adjacent buffers;
(b) prevent bank erosion; and
(c) not create a hazard to canoeists.

8. The Licencee shall:

(i) develop and implement a plan to phase in harvesting practices or equipment replacement which will leave the tops and limbs of harvested trees as close as possible to the felling site, as directed by the I.R.M.T.; and
(ii) dispose of slash and harvesting debris as directed by the I.R.M.T.

9. The Licencee shall conduct pre-harvest and pre-road construction surveys as directed by the I.R.M.T., to identify species or ecosystems that need protection, and shall apply measures to ensure that protection. The information required from these surveys may include, but is not limited to: soil conditions, tree and understory species composition, and the presence of rare flora and fauna.

10. The Licencee shall:

(i) evaluate the potential for the occurrence of heritage resources on areas where forest management activities will occur, and the potential for forest management activities to impact heritage resources, as directed by the I.R.M.T., in consultation with the Historic Resources Branch of Manitoba Culture, Heritage and Tourism; and
(ii) apply measures to protect heritage resources, as directed by the I.R.M.T., in consultation with the Historic Resources Branch of Manitoba Culture, Heritage and Tourism.

11. The Licencee shall adhere to the "Recommended Fish Protection Procedures for Stream Crossings in Manitoba", when constructing all-weather or chance roads across rivers and streams.
12. The Licencee shall ensure all-weather or chance roads are constructed:
   (i) to prevent impacts on surface or subsurface drainage; and
   (ii) only to the extent required, as determined by the I.R.M.T.

13. The Licencee shall:
   (i) construct all borrow pits, ditches and road shoulders so that the side banks have slopes not steeper than 1:3 (1 meter of rise to 3 meters of run); and
   (ii) prevent erosion in roadside ditches by minimizing ditch gradients and/or by using flow control measures.

14. The Licencee shall:
   (i) close and/or rehabilitate all-weather roads, as directed by the I.R.M.T.;
   (ii) close and rehabilitate chance and winter roads following the completion of harvest and silvicultural activities at each cutting block, as directed by the I.R.M.T.; and
   (iii) reforest chance and winter roads, as directed by the I.R.M.T.

15. The Licencee shall:
   (i) site, operate and rehabilitate its borrow pits, camp sites, landing sites and garage sites, as directed by the I.R.M.T.;
   (ii) ensure adequate containment protection is implemented for all sites when conducting vehicle or equipment maintenance activities, as directed by the I.R.M.T. (in areas underlain by sand or gravel, adequate containment protection shall include as a minimum, the placing of impermeable pads or heavy vinyl tarps under maintenance areas, as well as under lubricating products and anti-freeze storage areas);
   (iii) adopt environmentally sensitive servicing techniques including the collection and recycling (or disposal by a means acceptable to Manitoba Conservation), of waste oil and anti-freeze;
   (iv) report and clean up spills in excess of 50 liters, as directed by the Manitoba Emergency Response Team;
   (v) prepare a spill response and cleanup manual for the Director's approval, and adhere to the policies and procedures therein; and
   (vi) dispose of domestic waste as directed by the I.R.M.T.
16. The Licencee shall comply with Manitoba Regulation 97/88 R "Storage And Handling Of Gasoline And Associated Products Regulation" and Manitoba Regulation 172/85 "Respecting The Handling, Offering For Transport And Transporting Of Dangerous Goods".

17. The Licencee shall implement, within five years of the date of this Licence, mechanical site preparation techniques which will limit the degree of surface disturbance (e.g. patch scarification), thereby minimizing damage to the existing ground vegetation, as directed by the I.R.M.T.

18. The Licencee shall:

(i) adhere to the policies and procedures for pesticide application, as set out in Manitoba Regulation 94/88 R "Pesticides Regulation" so as to minimize the exposure of its employees and the public, as well as non-target biota, to herbicides;

(ii) establish effective buffers for spraying herbicides as directed by the I.R.M.T.;

(iii) not spray using aerial application methods, if thermal convection currents have developed in the air above the site, or during the occurrence of a temperature inversion;

(iv) limit the use of herbicides in Nopiming Provincial Park, to the extent possible, as directed by the I.R.M.T.; and

(v) shall not apply herbicides by aerial spraying within Nopiming Provincial Park.

19. The Licencee shall implement reforestation practices to achieve the appropriate reforestation standards, as determined by the I.R.M.T.

20. The Licencee shall, upon retirement of equipment, replace it with the appropriate tracked or wide-tired equipment.

21. The Licencee shall:

(i) mitigate potential impacts on waterfowl in the Garner Lake cutting blocks, as directed by the I.R.M.T.; and

(ii) mitigate potential impacts on woodland caribou, eagle and osprey nests, as well as great grey owl habitat and heron rookeries, as directed by the I.R.M.T.
22. The Licencee shall adhere to all policies and procedures respecting occupational and public health and safety.

23. The Licencee shall cooperate with the establishment and operation of a Stakeholders Advisory Committee (S.A.C.) and shall provide funding for the S.A.C., if so instructed by the Director. The composition, mandate and funding formula of the S.A.C. will be determined by the Director.

24. The Licencee shall ensure that all non-company operators within F.M.L. #01 adhere to all specifications, limits, terms and conditions contained in this Licence.

25. This Licence replaces Licence No. 1557 E which is hereby rescinded.

**LICENCE REVOCATION**

If, in the opinion of the Director, the Licencee has exceeded or is exceeding the specifications, limits, terms or conditions set out herein, the Director may revoke, temporarily or permanently, this Licence.

**LICENCE TERM AND REVIEW**

Unless earlier revoked for non-compliance, this Licence shall be in effect until January 1, 1999. However, should any changes to government policy occur that could affect the harvesting plans of the Licencee as detailed in its Forest Resource Management Plan 1991-1998, the Clean Environment Commission shall be requested to review this Licence, and provide advice to the department with respect to the amendment or revision of the specifications, limits, terms and conditions of this Licence.

Client File No.: 3005.00
APPENDIX A TO LICENCE NO. 1557 E R
ISSUED TO TEMBEC INDUSTRIES INC.

Justification For Alteration to the Recommendations of the Clean Environment Commission

The following recommendations contained in the Clean Environment Commission Report on Public Hearings, Abitibi-Price Inc. FML #01 Forest Resource Management Plan 1991-1998, were not followed precisely in the Licence which has been issued:

Clean Environment Commission Recommendation 1 - Premise to the Licence

Justification For Alteration

This recommendation is too broad to be meaningful and enforceable in the Licence. Specific mitigation and monitoring requirements are reflected in the Licence.

Clean Environment Commission Recommendation 2 - Stakeholders Advisory Committee

Justification For Alteration

The composition, mandate, and funding of the Stakeholders Advisory Committee cannot be the responsibility of Tembec but rather, are better placed under the direction of the Director, Environment Act. This Clean Environment Commission recommendation will be valuable information for use by the Stakeholders Advisory Committee.

Clean Environment Commission Recommendation 3 - Forestry Activity in Nopiming Park

Justification For Alteration

Nopiming Provincial Park has been established as a multiple use park, with timber harvesting being one of the current permitted uses within open and restricted areas. It is beyond the scope of The Environment Act to effect changes to such permitted uses. A review of existing timber harvesting policy in parks will occur, with opportunity for public input, as part of the Natural Lands and Special Places Sustainable Development Strategy. A review clause has been incorporated into the Licence to allow for review and possible change once the Natural Lands and Special Places Sustainable Development Strategy concludes.
Clean Environment Commission Recommendation 4 (a) - Manigotagan River Corridor

Justification For Alteration

It is beyond the scope of The Environment Act to change the boundary of Nopiming Provincial Park. Nevertheless, there is a need to protect the environmental and aesthetic qualities of the Manigotagan River and its banks. Application of a 250 m buffer strip to each side of the river would not necessarily be effective in protecting the environment and aesthetics. The preferable alternative is to have IRMT conduct site-specific inspections to decide what buffers are needed at each point along the river. The Licence, Clause 6, addresses this alternative.

Clean Environment Commission Recommendations 4 (b) and 5 (a) - Harvesting in Buffers within the FML #01 Area

Justification For Alteration

Buffers are areas which require a certain amount of tending and management because of the disturbance caused by the adjacent timber harvesting. The Licence must enable the IRMT to prescribe and approve any required buffer management. The Licence, Clause 5, addresses this requirement.

Clean Environment Commission Recommendation 6 - General Recommendations to the Minister of Environment

Justification For Alteration

This recommendation cannot be imposed upon Tembec Industries Inc. as the recommendation addresses current and future government policy issues. This recommendation will be referred for consideration during the public review of the Natural Lands and Special Places Sustainable Development Strategy.

Larry Strachan, P.Eng.
Director, Environment Act
STAKEHOLDERS ADVISORY COMMITTEE

The Stakeholders Advisory Committee (SAC), shall report in an advisory capacity to the regional Integrated Resource Management Team (IRMT), in Beausejour, but will remain independent of the IRMT. In general, the role of the SAC shall be to ensure consensus-building and cooperation in its efforts to enhance forest resource decision-making within FML #01. It is expected that the SAC will provide unique and important input for consideration by the IRMT.

Initially, the SAC shall be chaired by a representative from Manitoba Environment. After one year of operation, the chairpersonship may be changed if desired by a majority of the members. Organizations and groups from which members for the Stakeholders Advisory Committee could be drawn are:

- Manitoba Environment
- Manitoba Natural Resources
- Abitibi-Price Inc.
- Local Indian Bands
- Local Metis organizations
- Local government
- Local unions
- Local business
- Local recreational users
- Environmental interest community

The composition of the SAC shall reflect a balance between the provincial government, Abitibi-Price Inc., local stakeholders and the environmental interest community.

Meetings of the SAC should be held at least quarterly, and will commence soon after the Abitibi-Price Inc. Environment Act Licence for forest management activities is issued. Meetings shall be held in various locations, with a focus on the communities in the FML #01 area. Specific issues for the SAC to consider will be submitted by the members in advance of the meetings. Members of the SAC will be responsible for reporting to the organizations they represent, and for circulating the minutes of meetings.

An annual report of the SAC to the Minister of Environment shall be required. The report of the SAC shall outline its finances, activities, and recommendations of the past year, and include an evaluation of its own structure, operations, and effectiveness.

Abitibi-Price Inc. shall be responsible for all normal administration expenses of the SAC. Members will not be reimbursed for their time to serve on the committee, but will be reimbursed for travel expenses to attend meetings (except where already covered by the terms of members' employment). Provincial government staff will be available to provide technical and resource information to the SAC.